Joint Committee on Taxation
October 26, 1990
JCX-45-90
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BUDGET RECONCILIATION (H.R. 5835) - REVENUE PROVISIONS AS REPORTED BY THE CONFEREES

Fiscal Years 1991-1995

[Millions of Dollars]

Item	Effective	1991	1992	1993	1994	1995	1991-95
I. REVENUE-LOSING PROVISIONS							
A. Extend Expiring Provisions through 12/31/91 (1)							
1. Foreign allocation of R&D	--	-503	-289	--	--	--	-792
2. Research and experimentation tax credit	--	-602	-381	-105	-74	-47	-1,209
3. Employer-provided educational assistance (include graduate students)	--	-340	-128	--	--	--	-468
4. Employer-provided group legal services	--	-98	-29	--	--	--	-127
5. Targeted jobs tax credit	--	-81	-104	-67	-31	-20	-303
6. Business energy tax credits (solar and geothermal property)	--	-55	-28	3	2	1	-77
7. Low-income housing credit (with modifications)	--	-266	-355	-420	-420	-420	-1,881
8. Mortgage revenue bonds and mortgage credit certificates	--	-10	-50	-110	-100	-100	-370
9. Qualified small-issue manufacturing bonds	--	-10	-50	-80	-70	-70	-280
10. Health insurance for self-employed (25% deduction)	--	-253	-102	--	--	--	-355
11. Orphan drug tax credit	--	-4	-3	--	--	--	-7
Subtotals, Extension of Expiring Provisions		***-2,222***	***-1,519***	***-779***	***-693***	***-656***	***-5,869***
B. Other Tax Incentives							
1. Energy incentives:							
a. Extend nonconventional fuels tax credit (section 29) for two years and expand to tight sands gas	1/1/91	-35	-115	-163	-152	-131	-597
b. Adopt tax incentives for ethanol production	1/1/91	16	18	-32	-89	-135	-221
c. Adopt 15% credit for enhanced oil recovery costs	1/1/91	-21	-42	-49	-50	-51	-213
d. Amend percentage depletion provisions	1/1/91	-24	-48	-61	-67	-78	-278

Item	Effective	1991	1992	1993	1994	1995	1991-95
e. Cut back AMT preference for certain intangible drilling costs (IDCs)	1/1/91	-98	-188	-165	-154	-151	-756
f. Reduce AMT preference for percentage depletion on marginally producing properties	1/1/91	-42	-84	-87	-92	-100	-404
2. Additional small business incentives:							
a. Modify estate freeze rules (section 2036(c))	10/9/90	12	-17	-126	-251	-393	-775
b. Disabled access expenditures:							
i. Adopt disabled persons access tax credit (50%/$5,000)	D/o/E	-50	-90	-92	-94	-96	-422
ii. Lower cap on section 190 expensing to $15,000	D/o/E	58	95	92	90	89	424
c. Repeal AMT preference for charitable contributions of tangible personal property (expires 12/31/91)	1/1/91	-8	-22	8	--	--	-22
Subtotals, Other Tax Incentives		***-192***	***-493***	***-675***	***-859***	***-1,046***	***-3,265***
C. Progressivity Enhancement Provisions							
1. Increase EITC and adjust for family size (2)	1/1/91	-75	-1,495	-2,091	-2,969	-5,730	-12,360
2. Child health insurance credit (3)	1/1/91	-58	-1,155	-1,239	-1,329	-1,426	-5,207
3. Supplemental EITC for taxpayers with children under one year old (4)	1/1/91	-50	-160	-166	-173	-182	-731
Subtotals, Progressivity Enhancement Provisions		***-183***	***-2,810***	***-3,496***	***-4,471***	***-7,338***	***-18,298***
SUBTOTALS: REVENUE-LOSING PROVISIONS		**-2,597**	**-4,822**	**-4,950**	**-6,023**	**-9,040**	**-27,432**
II. REVENUE-RAISING PROVISIONS							
A. Deficit Reduction Provisions							
1. Provisions affecting high-income taxpayers and itemized deductions:							
a. Individual rate structure: 15%/28%/31% (24% AMT rate; 28% maximum capital gains rate)	1/1/91	767	2,313	2,476	2,723	2,955	11,234
b. Phase out personal exemption (2%/$2,500; $100,000/$125,000/$150,000 thresholds; indexed) (5 year sunset)	1/1/91	1,046	2,028	2,275	2,552	2,863	10,764
c. Limit on itemized deductions of high-income taxpayers (3%; $100,000 threshold; indexed) (5 year sunset)	1/1/91	548	3,714	4,101	4,531	5,010	17,904
d. Eliminate medical deduction for cosmetic surgery	1/1/91	9	60	60	70	70	269
2. Impose 5-cent per gallon tax on motor fuels (5)	12/1/90	4,406	5,203	5,111	5,119	5,200	25,039
3. Double gas guzzler tax	1/1/91	75	95	85	70	60	385
4. Increase all tobacco excise taxes by 25% (e.g., for cigarettes 4 cents per pack in 1991and 4 cents per pack in 1993)	1/1/91	542	792	1,546	1,519	1,477	5,876
5. Increase beer, wine, and distilled spirits excise taxes	1/1/91	1,300	1,850	1,862	1,874	1,882	8,768
6. Impose 10% luxury excise tax	1/1/91	25	65	426	461	502	1,479

Item	Effective	1991	1992	1993	1994	1995	1991-95
7. Expand ozone-depleting chemicals excise tax	1/1/91	73	72	84	134	122	485
8. Extend Leaking Underground Storage Tank (LUST) Trust Fund excise tax (5 years)	12/1/90	94	122	124	126	128	593
9. Increase and extend Airport Trust Fund aviation excise taxes (5 years)	12/1/90	1,351	2,335	2,520	2,727	2,975	11,908
10. Increase harbor maintenance excise tax	1/1/91	314	342	369	395	422	1,842
11. Extend telephone excise tax and modify collection period (6)	1/1/91	1,643	2,578	2,757	2,946	3,145	13,069
12. Revise treatment of loss deductions and salvage values for insurance companies	1/1/90	204	83	90	98	106	581
13. Amortize insurance policy deferred acquisition expenses (DAC)	9/30/90	1,445	1,730	1,677	1,610	1,533	7,995
14. Adopt tax compliance provisions including certain provisions from H.R. 4308 and S. 2410	3/20/90	42	47	78	63	68	298
15. Adopt retiree health provision with reversion excise increase and asset cushion requirement	--	491	196	140	83	39	949
16. Increase by 2 percentage points the interest rate on corporate tax underpayments over $100,000 following notice from IRS	1/1/91	1,559	96	79	46	46	1,826
17. Certain corporate business tax provisions:							
a. Expand and clarify reporting and allocation rules for certain asset acquisitions	10/10/90	9	13	15	17	19	73
b. Require accrual of redemption premium for certain preferred stock	10/10/90	19	55	86	104	109	373
c. Expand application of CERT rules to subsidiary acquisitions	10/10/90	45	81	84	77	69	356
d. Require recognition of corporate-level gain in certain divisive corporate transactions (5-year limitation period)	10/10/90	9	25	38	49	60	181
e. Clarify treatment of debt exchanges	10/10/90	111	95	75	53	25	359
18. Extend IRS user fees (5 years) (6)	9/30/90	45	45	45	45	45	225
19. Extend Social Security (OASDHI) to State and local employees not participating in a public employee retirement system (7)	7/1/91	444	1,970	2,106	2,253	2,414	9,187
20. Extend FUTA 0.2% surtax (5 years)	1/1/91	787	1,106	1,137	1,167	1,199	5,396
21. Adopt payroll tax deposit stabilization	--	950	2,200	-3,150	--	--	---
22. Extend Hazardous Substance Superfund taxes (4 years) (8)	1/1/92	--	--	--	--	--	---
23. Increase Medicare (HI) wage cap to $125,000	1/1/91	1,848	5,709	6,058	6,439	6,827	26,881
24. Extend statute of limitations for collection from 6 years to 10 years	1/1/91	1	1	2	2	2	8

Item	Effective	1991	1992	1993	1994	1995	1991-95
25. Increase penalty for intentional disregard of cash reporting requirement and adopt certain other modifications	1/1/91	--	--	--	--	--	---
26. Treat U.S. beneficiary as grantor of foreign trust indirectly funded by beneficiary	D/o/E	2	23	46	91	135	297
Subtotals, Deficit Reduction Provisions		***20,204***	***35,044***	***32,402***	***37,444***	***39,507***	***164,601***
B. Other Provisions							
1. Technical corrections	--	--	--	--	--	--	---
2. Repeal obsolete provisions (deadwood)	--	--	--	--	--	--	---
3. Revise Treasury Departmet study mandates	--	--	--	--	--	--	---
4. Increase Joint Committee on Taxation refund review threshold	D/o/E	--	--	--	--	--	---
5. Review impact of IRS Regulations on small business	D/o/E +30	(9)	(9)	(9)	(9)	(9)	(9)
6. Require pie charts in IRS tax form instruction booklets	1/1/91	--	--	--	--	--	---
Subtotals, Other Provisions		—	—	—	—	—	—
SUBTOTALS: REVENUE-RAISING PROVISIONS		20,204	35,044	32,402	37,444	39,507	164,601
GRAND TOTALS		17,607	30,222	27,452	31,421	30,467	137,169

NOTES: Details may not add to totals due to rounding.
Interaction between or among items has not been taken into account for the purpose of this table.
In "Effective" column: D/o/E = Date of enactment; D/o/E +30 = 30 days after date of enactment.

(1) All estimates assume full restoration of tax benefits for 1990.

(2) Increased EITC by number of children:
In 1991: 1 child = 16.7% credit, 11.93% phaseout; 2 children = 17.3% credit, 12.36% phaseout.
In 1992: 1 child = 17.6% credit, 12.57% phaseout; 2 children = 18.4% credit, 13.14% phaseout.
In 1993: 1 child = 18.5% credit, 13.21% phaseout; 2 children = 19.5% credit, 13.93% phaseout.
In 1994 and thereafter: 1 child = 23% credit, 16.43% phaseout; 2 children = 25% credit, 17.86% phaseout.
Estimate incorporates the Treasury proposal to enhance compliance with EITC eligibility rules.

(3) 6% credit rate; 4.29% phaseout rate; phaseout income levels are the same as EITC.

(4) 5% credit rate; 3.57% phaseout rate; phaseout income levels are the same as EITC.

(5) Railroads will pay 50% of increase in rates. 50% of motor fuels tax increase dedicated to deficit reduction; remainder dedicated to Highway trust fund (20% of this portion to be allocated to mass transit account).

(6) Modification of collection period effective after 12/31/90.

(7) Estimate provided by the Congressional Budget Office (CBO).

(8) The estimate is presented relative to the CBO baseline which assumes automatic extension of provisions in present law when revenues are dedicated to specific trust funds and when the provision is scheduled to expire within the current budget period.

(9) Negligible amount.